

Message Text

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FM USLO PEKING

TO SECSTATE WASHDC IMMEDIATE 4548

S E C R E T PEKING 1924

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CHEROKEE

E.O.11652: XGDS

TAGS: PFOR, CH

SUBJECT: SECRETARY'S AND PRESIDENT'S VISITS: SIGNS OF PROGRESS

1. WE BELIEVE CHINESE WILL JUDGE IT IN THEIR INTEREST TO PERMIT THE
PRESIDENT'S VISIT TO PRODUCE SOME OTHER VISIBLE MARKERS OF PROGRESS IN

SINO-US RELATIONS IF THERE IS NO PROGRESS REGARDING TAIWAN.
WE IDENTIFY BELOW SOME POSSIBILITIES KNOWING -- WITHOUT BEING PRIVY
TO DEPARTMENT'S PREPARATIONS -- THAT MOST MAY ALREADY BE AMONG THOSE
DEVELOPED FOR THE TALKS, OR DISCARDED.

2. FAMILY REUNIFICATION: PEKING 1912 REFLECTS OUR CONCERN
ABOUT ATTEMPTING TO PROVIDE MORE TRAVEL ASSISTANCE TO AMERICANS
AND THEIR RELATIVES WITHOUT FIRST TRYING FOR AN UMBRELLA UNDER-
STANDING WITH THE CHINESE. WE BELIEVE THAT BOTH WE AND THE CHINESE
WOULD FIND ADVANTAGES (INCLUDING THOSE RELATING TO MFN AND USSR)
IN SUCH AN AGREEMENT RESULTING FROM THE PRESIDENT'S VISIT, OR EVEN
AN ANNOUNCEMENT OR AN AGREEMENT IN PRINCIPLE, WITH DETAILS TO BE
NEGOTIATED. ANY SUCH ANNOUNCEMENT SHOULD BE COUCHED IN TERMS TO
AVOID UNWARRANTED AND, FOR THE USG, INCONVENIENT EXPECTATIONS, BUT
SUCH AN ANNOUNCEMENT, IT SEEMS TO US, WOULD HAVE SUBSTANTIAL
DOMESTIC US APPEAL.

3. FEDERAL BENEFITS: THE SOCIAL SECURITY ADMINISTRATION, AS OF
DECEMBER 1972, HAD IDENTIFIED 70 POTENTIAL BENEFICIARIES NOW LIVING
IN THE PRC. THE NUMBER IS PROBABLY CONSIDERABLY GREATER, AND IF WE

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ADD RETIREES LIVING IN HONG KONG SO, THAT THEY CAN RECEIVE BENEFITS,

BUT WHO MIGHT PREFER TO LIVE IN THE PRC, POTENTIAL BENEFICIARIES COULD BE IN THE THOUSANDS. ON THE US SIDE THE MAJOR IMPEDIMENT IS THE TREASURY DEPARTMENT REGULATION PROHIBITING DISPATCH OF TREASURY CHECKS TO PAYEES IN COUNTRIES IN WHICH THE SECRETARY OF STATE IS UNABLE TO VERIFY THAT THE RECIPIENT WILL HAVE PERSONAL USE AND ENJOYMENT OF THE FUNDS RECEIVED. THERE ARE TECHNICAL PROBLEMS -- PRC BANKS REFUSE TO HANDLE US TREASURY CHECKS -- WHILE FOR POLITICAL REASONS PRC MIGHT DECLINE TO GIVE THE NEEDED ASSURANCES OR TO ALLOW US CONSULAR ACCESS TO VERIFY IDENTITY AND ELIGIBILITY. BUT SUCH AN AGREEMENT WOULD HAVE PUBLIC RELATIONS, AS WELL AS HUMANITARIAN, BENEFITS (AND FOR THE PRC IT COULD BE A NOT INCONSIDERABLE SOURCE OF FOREIGN EXCHANGE).

4. US-PRC EXCHANGE OF CORRESPONDENTS: CHINESE RELUCTANCE TO EXCHANGE CORRESPONDENTS, THOUGH COINED IN TERMS OF "SBYNCIPLE" RELATING TO TAIWAN AND TO THE PRESENCE OF ROC CORRESPONDENTS IN WASHINGTON, MAY NOW BE LESSENED. HOWEVER, EVEN IF THE CHINESE ARE NOT PREPARED TO HAVE OUR CORRESPONDENTS RESIDENT IN PEKING (AND THEIRS IN WASHINGTON),

THEY MIGHT AGREE TO ADMIT US CORRESPONDENTS MORE REGULARLY FOR VISITS TO CHINA AND PERHAPS REGULARLY SEND CHINESE CORRESPONDENTS ON TRIPS TO THE US).

5. BICENTENNIAL INVITATION TO A PRC LEADER. THIS WOULD OF COURSE REQUIRE A CHANGE IN OUR POLICY ON CHINESE PARTICIPATION IN FEDERALLY-SPONSORED BICENTENNIAL EVENM, BUT THE BICENTENNIAL MIGHT PROVIDE US WITH AN OPPORTUNITY TO GET AROUND THE CHINESE RELUCTANCE TO SEND A TOP-LEVEL VISITOR TO THE US BEFORE NORMALIZATION. THE CHINESE MIGHT FIND IT POSSIBLE TO PRESERVE THEIR "PRINCIPLE" AGAINST SUCH VISITS BECAUSE OF THE ONE-TIME AND OTHERWISE UNIQUE NATURE OF THE BICENTENNIAL (INCLUDING ITS ROOTS IN OUR REVOLUTION), PARTICULARLY IF THE VISIT WERE MADE TO PHILADELPHIA (WHICH HAS THE ADVANTAGE OF BEING WITHOUT AN ROC CONSULATE) OR TO BOSTON.

6. ENLARGED CULTURAL EXCHANGE PROGRAM: THE CHINESE WOULD PROBABLY AGREE TO A MINOR INCREASE IN THE NUMBER OF FACILITATED EXCHANGES EACH WAY. WE MIGHT OBTAIN LONGER-TERM EXCHANGES OF SCHOLARS AND PERHAPS EVEN STUDENT EXCHANGES. THE CULTURAL PROPOSALS WE HAVE SEEN DO NOT INCLUDE AN EXTRAVAGANZA
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COMPARABLE TO THE 1973 PHILADELPHIA ORCHESTRA VISIT. A MAJOR ORCHESTRAL OR BALLET PRESENTATION NEXT YEAR WOULD BE APPROPRIATE.

7. HIGH-LEVEL AMERICAN VISITS: OUR CURRENT ECONOMIC EXCHANGE PROGRAM, WHILE SATISFACTORY, IS CONDUCTED AT THE TECHNICIAN AND MIDDLE GRADE BUREAUCRAT LEVEL. ONLY HIGH-LEVEL ECONOMIC VISIT TO CHINA HAS BEEN THE PRIVATE/INFORMAL ONE
SECRETARY MORTON MADE IMMEDIATELY AFTER HE BECAME SECRETARY OF

COMMERCE. SINO-AMERICAN TRADE HAS A VARIETY OF PROBLEMS, MANY OF WHICH ARE THE RESULT OF CHINESE UNWILLINGNESS TO ACCEPT REGULATIONS OF THE FEDERAL AND STATE GOVERNMENTS. IN SOME CASES, IN FACT, CHINESE REGARD THESE AS NEGOTIABLE; IN OTHERS, AS DISCRIMINATORY AGAINST CHINA. ALTHOUGH SOME OF THESE PROBLEMS (E.G., HAVING USDA INSPECTORS VISIT CHINESE SLAUGHTER HOUSES) MAY HAVE NO SOLUTION AT PRESENT, THERE

ARE MANY OTHERS, SUCH AS OUR REGULATIONS ON LABELLING, PACKAGING AND FLAMMABILITY, ON WHICH HIGHER-LEVEL DISCUSSIONS MIGHT SUCCEED WHERE AMERICAN BUSINESSMEN HAVE NOT. WE MAY WISH TO HAVE, FOR VISIBILITY PURPOSES, EVEN RELATIVELY MINOR ACCOMPLISHMENTS EMPHASIZED BY HIGH-LEVEL AMERICAN VISITORS IF THE PRC IS WILLING TO RECEIVE SUCH VISITORS AT THIS STAGE IN OUR RELATIONS. AN ARGUMENT AGAINST SUCH HIGH-LEVEL AMERICAN VISITS IS THAT THEY WOULD PERPETUATE THE ONE-WAY NATURE OF SINO-US HIGH-LEVEL VISITS. IT IS UNLIKELY THAT MINISTERIAL-LEVEL CHINESE WILL VISIT WASHINGTON AT THIS STAGE, BUT WE MIGHT BE ABLE TO TAKE ADVANTAGE OF A MAJOR INTERNATIONAL ECONOMIC OR TECHNICAL CONFERENCE IN THE US TO ATTRACT A HIGH-LEVEL CHINESE VISITOR TO OTHER PLACES IN THE COUNTRY.

8. CLAIMS/ASSETS: THE CHINESE CERTAINLY ARE AWARE THAT THIS PROBLEM IS A REAL IMPEDIMENT TO DEVELOPING RELATIONS IN SEVERAL AREAS. WHILE WE HAVE NO READING ON WHETHER OR NOT THEY WILL BE PREPARED TO MOVE, WE ASSUME SECRETARY'S VISIT WILL INCLUDE AN EFFORT TO FIND OUT. PARAS 9 AND 10, HOWEVER, COVER TWO STEPS WHICH IMPINGE ON THE CLAIMS/ASSETS PROBLEM BUT WHICH MIGHT STILL BE CONSIDERED AT THIS POINT.

9. SINO-AMERICAN SHIPPING: ONE REASON CHINESE SHIPS DO NOT NOW VISIT US PORTS IS FEAR OF SEIZURE BY AMERICAN CLAIMANTS WHOSE PROPERTY WAS EXPROPRIATED BY THE PRC SINCE 1949. AS A RESULT, CHINESE PORTS ARE NOT OPEN TO AMERICAN SHIPS. THE PRESIDENT COULD PROPOSE LEGISLATION, SIMILAR TO THAT USED TO PROTECT THE CHINESE ARCHEOLOGICAL EXHIBIT FROM SUIT, TO EXEMPT SHIPS BELONGING TO THE PEOPLE'S REPUBLIC OF CHINA FROM SUIT BY THESE CLAIMANTS FOR EXPROPRIATED PROPERTY AND BY THE ROC. (GENERAL EXEMPTION FROM SUIT SHOULD NOT BE GIVEN TO MAKE SURE PRC SHIPS REMAIN LIABLE FOR THE ORDINARY ACCIDENTS OF NAVIGATION.) THIS PROPOSAL WOULD BE MORE COMPLEX AND POLITICALLY MORE CONTROVERSIAL THAN ARRANGEMENTS FOR THE ARCHEOLOGICAL EXHIBITION. BUT IF IT WERE POLITICALLY FEASIBLE, IT WOULD PROVIDE HIGHLY VISIBLE EVIDENCE OF PROGRESS IN OUR RELATIONS. (WHILE AIR TRANSPORT BETWEEN THE US AND CHINA WOULD BE AT LEAST AS VALUABLE AND MORE VISIBLE, WE BELIEVE THAT COMPLICATIONS WITH THE ROC AND WITH THE NEGOTIATION OF RECIPROCAL ROUTE RIGHTS WOULD RENDER IT IMPRACTICABLE.)

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10. TRADE EXHIBITIONS: AGAIN, THE ABSENCE OF A CLAIMS/ASSETS SETTLEMENT IMPACTS ON THE CHINESE WILLINGNESS TO SEND TRADE EXHIBITIONS

TO THE US, AND PRESUMABLY TO RECEIVE US EXHIBITIONS. AN ANNOUNCEMENT ON AN EXCHANGE OF TRADE EXHIBITIONS BETWEEN THE UNITED STATES AND CHINA WOULD BE A CONCRETE WAY OF DEMONSTRATING THE FURTHER DEVELOPMENT OF OUR TRADE. BENEFIT COULD BE DERIVED FROM A SERIES OF SPECIALIZED EXHIBITIONS OF EXPORT GOODS IN ONE OR MORE CITIES IN BOTH COUNTRIES: THE US, FOR EXAMPLE, COULD EXHIBIT OIL PROSPECTING AND DRILLING EQUIPMENT, SCIENTIFIC INSTRUMENTS, MINING EQUIPMENT, AND FOOD PROCESSING AND PACKAGING EQUIPMENT; THE PRC COULD EXHIBIT CHINESE HANDICRAFTS, TEXTILES/RUGS. FOR BOTH SIDES, THESE SMALLER EXHIBITS WOULD BE PREFERABLE TO THE COMPREHENSIVE EXHIBITS JUST HELD BY THE FRG AND SOON TO BE HELD BY JAPAN. THEY WOULD BE MUCH CHEAPER (THE FRG EXHIBIT COST AT LEAST US\$10 MILLION) AND COULD BE MOUNTED IN A MUCH SHORTER TIME (THE FRG EXHIBIT TOOK TWO YEARS OF PREPARATION), AND WOULD BE CALCULATED TO SHOW EACH COUNTRY'S MOST COMPETITIVE GOODS.

11. AGRICULTURAL RELATIONS: WITHOUT ACKNOWLEDGING IT, CHINESE HAVE MADE GOOD USE OF AMERICAN AGRICULTURAL TECHNIQUES AND EVEN CROPS (E.G., HYBRID AMERICAN CORN, WHICH HAS BECOME A MAJOR CHINESE CROP IN THE LAST FEW YEARS). US POLITICIANS OF BOTH PARTIES HAVE PROPOSED A SINO-AMERICAN SOYBEAN INSTITUTE, DESIGNED TO POOL CHINESE AND AMERICAN RESOURCES ON IMPROVING THE YIELD AND THE UTILIZATION OF SOYBEANS, BUT THE CHINESE GOVERNMENT HAS NOT RESPONDED. IF RAISED AT A SECRET

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POLITICAL LEVEL, HOWEVER, THE IDEA OF SINO-US COOPERATION IN CROP IMPROVEMENT OF NOT ONLY SOYBEANS, BUT ALSO CORN, COTTON AND OTHER MAJOR CROPS, MAY BE ACCEPTABLE TO THE PRC. THE CHINESE WOULD BE THE NET GAINERS FROM THE STRICTLY AGRICULTURAL VIEWPOINT, BUT A PROPOSAL FOR SOME PERMANENT SINO-US ORGANIZATION FOR CROP IMPROVEMENT, WHETHER IT IS CALLED AN INSTITUTE OR COMMITTEE, OR SIMPLY A SERIES OF EXCHANGES OF SEED, TECHNOLOGY, OR VISITS, WOULD BE A SMALL SIGNAL OF IMPROVING RELATIONS. IT WOULD, WE BELIEVE, BE POPULAR IN THE CONGRESS SINCE IN A SENSE THE PRESIDENT WOULD BE TAKING OVER AND ENLARGING AN IDEA THAT HAS ALREADY BEEN PROPOSED THERE.

12. USLO EXPANSION: SEE PEKING 1915.
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